



SACHI A. HAMAI  
EXECUTIVE OFFICER

# COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

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MEMBERS OF THE BOARD

GLORIA MOLINA

MARK RIDLEY-THOMAS

ZEV YAROSLAVSKY

DON KNABE

MICHAEL D. ANTONOVICH

December 1, 2011

TO: William T Fujioka  
Chief Executive Officer

FROM: Sachi A. Hamai   
Executive Officer

SUBJECT: OPTIONS FOR WITHHOLDING PAYMENTS TO THE STATE  
DUE TO SHORT-CHANGING ON REALIGNMENT

At the Board of Supervisors' meeting held November 29, 2011, the Board discussed Agenda Item No. 74 relating to an update by the Chief Executive Officer on the Realignment funding (AB 109) and the impact of the State triggers on the County budget. During the discussion, Supervisor Antonovich requested you explore options with the Auditor-Controller and report back on the possibility for withholding payments to the State for the youth in the Department of Juvenile Justice for the shortage of State funding for Realignment.

Enclosed is a copy of the transcript to assist you in preparing your report.

SAH:ls

Enclosure

c: Each Supervisor  
Auditor-Controller

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**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1   **MIKE ANTONOVICH, MAYOR:** ITEM NUMBER 74? AND THIS IS ON THE RE-  
2   ALIGNMENT, WHICH KIND OF FOLLOWS WHAT WE WERE JUST TALKING  
3   ABOUT. THE STATE HAD COMMITTED TO PAYING THE COUNTIES 112  
4   MILLION DOLLARS FOR THE FIRST NINE MONTHS OF THE FISCAL YEAR  
5   OF PUBLIC SAFETY RE-ALIGNMENT WHICH WAS ABOUT 12.4 MILLION  
6   DOLLARS A MONTH. HOWEVER, DUE TO THE STATE REVENUE SHORTFALLS,  
7   THE STATE IS BEHIND REIMBURSING US BY 8.5 MILLION DOLLARS TO  
8   OUR COUNTY. C.E.O. STAFF BELIEVES THAT THE STATE WILL PAY US  
9   SALES TAX REVENUES AS PROMISE AND SOMEHOW MAKE UP THE BALANCE  
10   BEFORE THE END OF THE FISCAL YEAR. HOWEVER, THE CONCERNS ARE  
11   THE POSSIBILITY THE STATE NOT PAYING THE BALANCE OF THE 112  
12   MILLION AND THE IMPACT THAT THAT WILL THEN TRIGGER ON OUR  
13   BUDGET AND THE CUTS WHEN REVENUES ARE NOT REALIZED. SO, BILL,  
14   COULD YOU UPDATE US ON 8.5 MILLION DOLLARS THAT WE ARE SHORT  
15   ON PUBLIC SAFETY RE-ALIGNMENT AS WELL AS THE IMPACT OF THE  
16   TRIGGER CUTS TO THE COUNTY'S BUDGET?

17

18   **C.E.O. FUJIOKA:** YOU'RE ABSOLUTELY RIGHT THAT AS OF THIS DATE,  
19   BASED ON WHAT WE ANTICIPATED AS THE RECEIPTS FOR A.B.109, WE  
20   ARE SHORT THE 8.5 MILLION DOLLARS. THE ONE THING WE ARE  
21   TRACKING IS THAT THIS PROGRAM IS STRUCTURED SO THAT WE WOULD  
22   GET A PERCENTAGE OF THE STATE SALES TAX ON A MONTHLY BASIS.  
23   WE'RE CONCERNED THAT THEY ARE BEHIND BY 8.5 MILLION DOLLARS.  
24   BUT WHAT THE STATE HAS SAID IS THAT AS A CONSEQUENCE OF HOW  
25   THE REVENUE'S FLOWING INTO THE STATE, WE'RE TRACKING THIS VERY



**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1 CAREFULLY TO ENSURE THAT WE GET THE TOTAL 112.6 MILLION  
2 DOLLARS THAT WAS ALLOCATED TO THE COUNTY OF LOS ANGELES FOR  
3 THIS PARTICULAR PROGRAM. WE ONLY HAVE A FEW MONTHS'  
4 EXPERIENCE. WE'RE WAITING TO SEE WHAT HAPPENS AS WE GET THE  
5 RECEIPTS AT THE END OF THIS MONTH AND THE END OF DECEMBER. SO  
6 WE'LL BE REPORTING BACK TO YOU. WITH RESPECT TO THE TRIGGER,  
7 AS YOU KNOW WHEN THE GOVERNOR SIGNED THE STATE BUDGET BACK IN  
8 JUNE OF 2011, THERE WAS A TRIGGER THAT WAS PUT IN PLACE THAT  
9 SHOULD WE NOT RECEIVE ADDITIONAL 4 BILLION DOLLARS IN STATE  
10 REVENUE, A TRIGGER WOULD BE ENACTED THAT WOULD RESULT IN  
11 ADDITIONAL CUTS THROUGHOUT THE STATE OF CALIFORNIA. THROUGHOUT  
12 THE COUNTIES IN THE STATE OF CALIFORNIA. FOR THE COUNTY OF LOS  
13 ANGELES, WE'RE SEEING A REDUCTION OF WHAT DO I HAVE HERE, 1.5  
14 MILLION DOLLARS IN I.H.S.S. ANTI-FRAUD INITIATIVE. WE'RE  
15 SEEING -- THAT'S ANOTHER 20 MILLION DOLLARS REDUCTION. AND  
16 ACROSS-THE-BOARD REDUCTION IN I.H.S.S. SERVICE HOURS. WE'RE  
17 ALSO SEEING A VERY, VERY SIGNIFICANT IMPACT ON THE YOUTHFUL  
18 OFFENDERS PLACEMENT PROGRAM. LET ME SEE. THE YOUTHFUL  
19 OFFENDERS' PLACEMENT PROGRAM. THAT COULD HAVE AN IMPACT OF  
20 APPROXIMATELY BETWEEN 18 AND 20 MILLION DOLLARS TO OUR COUNTY.  
21 THE REDUCTION IN HOURS AND I.H.S.S., I MISSPOKE WHEN I SAID  
22 THAT, THAT'S AN IMPACT TO US, THAT ACTUALLY WOULD RESULT IN A  
23 SAVINGS TO THE COUNTY OF LOS ANGELES. BUT THERE'S A CONCERN  
24 THAT WITH THE REDUCTION IN HOURS FROM I.H.S.S. PROVIDERS,  
25 THERE WILL BE A NUMBER OF THEM THAT COULD LOSE HEALTHCARE



The Meeting Transcript of  
The Los Angeles County Board of Supervisors

1 BENEFITS THAT WOULD ALSO REPRESENT A CORRESPONDING IMPACT TO  
2 OUR DEPARTMENT OF HEALTH SERVICES REVENUE. IT'S MORE THAN  
3 APPARENT THAT THE 4 BILLION DOLLARS WOULD NOT MATERIALIZE.  
4 IT'S JUST NOT GOING TO HAPPEN. AND SO WE'RE GOING TO START  
5 PREPARING FOR THAT IMPACT. I'M PARTICULARLY CONCERNED ABOUT  
6 THE REDUCTION IN THE I.H.S.S. ANTIFRAUD INITIATIVE BECAUSE  
7 IT'S A PROGRAM THAT WE FEEL THAT HAS BEEN SUCCESSFUL IN  
8 REDUCING FRAUD IN THAT PARTICULAR PROGRAM. WE'VE SEEN A  
9 REDUCTION IN COSTS ASSOCIATED WITH THE IMPLEMENTATION OF THE  
10 ANTI-FRAUD PROGRAM. THE ONE KEY, THOUGH, IS EVEN THOUGH THERE  
11 WILL BE THIS-- THIS TRIGGER WILL BE ENACTED, THE STATE  
12 LEGISLATURE HAS THE LATITUDE, HAS THE ABILITY TO DECIDE  
13 WHETHER TO GO FORWARD WITH THE CUTS IN THE STATE BUDGET AS  
14 CURRENTLY LISTED OR THEY CAN MAKE CHANGES TO THOSE CUTS. IT'S  
15 SOLELY WITHIN THE DISCRETION OF THE STATE LEGISLATURE. THE ONE  
16 THING WE THINK, THOUGH, IS GIVEN THAT THE CUTS HAVE ALREADY  
17 BEEN IDENTIFIED AND FAIRLY WELL PUBLICIZED, IT'S UNLIKELY THE  
18 STATE LEGISLATURE WILL MAKE ANY SIGNIFICANT CHANGES. BUT I  
19 WANT TO HIGHLIGHT THE POINT THAT THEY COULD STEP IN AND MAKE  
20 THOSE CHANGES, ESPECIALLY GIVEN THE IMPACT TO THE INHOME  
21 SUPPORT SERVICES COMMUNITY.

22

23 **MIKE ANTONOVICH, MAYOR:** ON THE YOUTH, YOUR EARLY REPORT ISSUED  
24 IN OCTOBER SAID THAT WE CURRENTLY PAY THE STATE FOR JUVENILE



**The Meeting Transcript of  
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1 77,000 DOLLARS PER MONTH. THAT'S FOR THE 300 YOUTH. SO IS THAT  
2 77,000 DOLLARS FOR ALL 300 YOUTH? OR PER YOUTH?

3

4 **C.E.O. FUJIOKA:** I DON'T HAVE THE ANSWER TO THAT QUESTION. I  
5 THIN THE ANSWER TO THAT. I BELIEVE IT'S-- WHEN YOU SAY 77,000  
6 PER MONTH? WHAT? OH, OKAY. IT'S ALL OF THEM PER MONTH. IT IS.  
7 THAT'S THE RIGHT ANSWER.

8

9 **MIKE ANTONOVICH, MAYOR:** AT 77,000 PER MONTH FOR 300 YOUTH, THE  
10 ANNUAL COST IS 924,000 DOLLARS, WHICH IS ABOUT 3,080 DOLLARS  
11 PER YOUTH. IS THIS COST GOING TO ESCALATE FROM THE 3,080 TO  
12 125,000 PER YEAR PER YOUTH AND THE 924,000 ESCALATING TO 40  
13 MILLION ANNUALLY?

14

15 **C.E.O. FUJIOKA:** THAT'S WHAT WE'RE LOOKING AT. BEGINNING  
16 JANUARY 1, OF 2012, THE STATE WOULD CHARGE AN ANNUAL RATE OF  
17 125,000.

18

19 **MIKE ANTONOVICH, MAYOR:** SO THE QUESTION. THIS INCREASE HERE IS  
20 ANOTHER WRECKING BALL TO THE BUDGET.

21

22 **C.E.O. FUJIOKA:** YOU'RE ABSOLUTELY- NO QUESTION ABOUT THAT.

23

24 **MIKE ANTONOVICH, MAYOR:** YOU'RE GOING FROM 925,000 TO 40  
25 MILLION DOLLARS ANNUALLY.



**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1

2 **C.E.O. FUJIOKA:** AS I MENTIONED EARLIER, IT COULD BE ANYWHERE  
3 FROM AN ADDITIONAL 18 TO 20 DOLLARS MILLION IMPACT ON OUR  
4 BUDGET.

5

6 **MIKE ANTONOVICH, MAYOR:** IN ADDITION. AND WHAT THEY DO OWE US,  
7 THEY DON'T ALWAYS PAY, AS WE JUST STATED PREVIOUSLY.

8

9 **C.E.O. FUJIOKA:** WELL THERE WOULD BE THAT COMBINATION OF AN  
10 ADDITIONAL CHARGE TO THE COUNTY. I UNDERSTAND WHAT YOU'RE  
11 SAYING, THE CONCERN OF NOT RECEIVING MONEY FROM OTHER PROGRAMS  
12 WOULD ONLY COMPOUND OUR FINANCIAL SITUATION.

13

14 **MIKE ANTONOVICH, MAYOR:** THIS IS LIKE SUPPORTING A DRUG HABIT.  
15 THERE IS NO FISCAL RESPONSIBILITY. THEY'RE WASTING THEIR MONEY  
16 AND THEY'RE GIVING US ALL THE RESPONSIBILITY BECAUSE THEY'RE  
17 USING THEIR MONEY FOR OTHER ESCALATING VESTED INTERESTS. THE  
18 QUESTION IS: WHAT IS THE-- YOU ESTIMATE THAT THE TIER 1  
19 TRIGGER CUTS HAVE ABOUT A 22 MILLION DOLLAR HIT TO OUR BUDGET  
20 BETWEEN JANUARY 2012 AND JUNE 2012. AS YOU ALSO APPLY THE 21  
21 MILLION DOLLARS IN SAVINGS FROM CUTS TO THE I.H.S.S. PROGRAM  
22 AND COMBINE THAT ACTUAL HIT OR CONCLUDE THAT THAT WILL BE  
23 ANOTHER 380,000 DOLLARS SO THE QUESTION IS: WHAT IS THE  
24 LIKELIHOOD OF US ACTUALLY REALIZING THE 21.5 BILLION DOLLARS  
25 SAVINGS FROM CUTS TO I.H.S.S.?





The Meeting Transcript of  
The Los Angeles County Board of Supervisors

1

2 **C.E.O. FUJIOKA:** OUR D.P.S.S. STACH FEEL PRETTY CONFIDENT IN  
3 THAT PROJECTION AT THIS POINT IN TIME. AND SO WHAT YOU CAN  
4 SEE, THERE WOULD BE AN IMPACT TO US IN THE YOUTHFUL OFFENDERS  
5 PROGRAM, THE D.J.J. BOARDS. BUT THERE'S ALSO AN OFFSETTING  
6 SAVINGS. AND SO THE BOTTOM LINE IS ABOUT A 400,000 DOLLAR  
7 IMPACT TO THE COUNTY. BUT AS YOU KNOW, AS YOU JUST STATED,  
8 IT'S ALL PREDICATED ON SAVINGS IN I.H.S.S. WE KNOW THE  
9 ADDITIONAL EXPENDITURE OR THE ADDITIONAL COST ASSOCIATED WITH  
10 THE YOUTHFUL OFFENDER PROGRAM WILL HAPPEN. WE DO KNOW THAT.  
11 THE I.H.S.S. IS THE PROJECTION AT THIS POINT IN TIME. AND SO  
12 THIS IS SOMETHING THAT WE'LL BE TRACKING VERY CLOSELY FOR YOU  
13 AND THIS ENTIRE BOARD OVER THE NEXT THREE TO FOUR MONTHS TO  
14 SEE THE ACTUAL IMPACT.

15

16 **MIKE ANTONOVICH, MAYOR:** BUT IS THE ESTIMATED 21-1/2 MILLION  
17 DOLLARS SAVINGS FROM I.H.S.S. IS EXPECTED TO DOUBLE IN A FULL  
18 FISCAL YEAR? AND WOULD THOSE SAVINGS BE ONGOING?

19

20 **C.E.O. FUJIOKA:** WE EXPECT THE SAVINGS TO BE ONGOING. WE EXPECT  
21 IT TO BE HIGHER. I'M NOT GOING TO TELL YOU RIGHT NOW IT  
22 ABSOLUTELY DOUBLED BECAUSE OF PROJECTIONS RIGHT NOW. BUT WE DO  
23 ANTICIPATE THE SAVINGS TO BE ONGOING.

24



**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1   **MIKE ANTONOVICH, MAYOR:** AND THEN WHAT ARE OUR OPTIONS WITH  
2   RESPECT TO THE ADDITIONAL 39 MILLION DOLLARS FOR THE  
3   DEPARTMENT OF JUVENILE JUSTICE, YOUTH, NEXT FISCAL YEAR AND  
4   EACH YEAR THERE AFTER?

5

6   **C.E.O. FUJIOKA:** THAT IS SOMETHING THAT WE NEED TO LOOK AT VERY  
7   CAREFULLY AND REPORT BACK TO YOU. THE OPTION, THE OBVIOUS  
8   OPTION IS WHETHER OR NOT WE CONTINUE TO PAY THE STATE FOR THAT  
9   RESPONSIBILITY OR WHETHER OR NOT WE ASSUME THAT RESPONSIBILITY  
10   OURSELVES. ON THAT PARTICULAR NOTE, I WOULD CAUTION US ABOUT  
11   TAKING ON THAT RESPONSIBILITY BECAUSE IT'S A VERY DIFFICULT  
12   POPULATION. VERY STAFF-INTENSIVE. VERY COSTLY PROGRAM TO  
13   HANDLE.

14

15   **MIKE ANTONOVICH, MAYOR:** AND IF THE STATE FAILS TO PROVIDE,  
16   LET'S SAY THE 112 BILLION DOLLARS THAT THEY'RE EXPECTING TO  
17   PROVIDE US FROM SALES TAX REVENUES, IF THEY FAIL IN THAT  
18   COMMITMENT, WHAT DO WE DO?

19

20   **C.E.O. FUJIOKA:** IF THEY SHOULD FAIL ON THAT, AT THIS POINT IN  
21   TIME, IN TALKING TO THE STATE, BECAUSE I'VE BEEN IN CONTACT,  
22   IN FACT I'M GOING UP NEXT WEEK TO MEET WITH THE DEPARTMENT OF  
23   FINANCE, AND I'M GOING TO EXPRESS CONCERNS THAT THAT REVENUE  
24   IS SHORT. ON THAT PARTICULAR NOTE, WE'VE HAD VERY STRONG  
25   COMMITMENTS FROM THE STATE THAT THAT PORTION OF THE STATE





**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1 SALES TAX REVENUE WOULD BE COMING TO THE COUNTY. I THINK WE  
2 NEED TO WAIT FOR A COUPLE MORE MONTHS TO SEE HOW THIS MONEY IS  
3 COMING IN. AND SHOULD IT COME IN SHORT, THEN WE'LL LOOK AT  
4 WHATEVER OPTIONS WE HAVE TO PURSUE PAYMENT OF THAT MONEY.

5

6 **MIKE ANTONOVICH, MAYOR:** ANY OTHER QUESTIONS? WE HAVE TWO  
7 PUBLIC SPEAKERS. MR. PREVEN AND MR. SACHS.

8

9 **ERIC PREVEN:** YES, IT'S ERIC PREVEN THE COUNTY RESIDENT FROM  
10 DISTRICT 3. I WILL BE AS BRIEF AS I CAN ON ITEM 74. CHIEF  
11 EXECUTIVE FUJIOKA, THE A.B.109 FUNDING WHICH WE JUST HEARD A  
12 LITTLE BIT ABOUT HAS BEEN DRAMATICALLY PERHAPS THREATENED BY  
13 THIS 4 BILLION DOLLAR REVENUE NUMBER THAT WAS MISSED AND THE  
14 SHORTFALL. ONE OF OUR BIG CONCERNS IS THAT THIS TYPE OF  
15 SHORTFALL HAS INFORMED A LOT OF THE DECISIONS THAT WE'RE  
16 FACING ON A DAILY BASIS. AND WE KEEP WAIVING ON THESE  
17 EXPENDITURES. AND MAYOR AND ANTONOVICH WHO EXCUSED HIMSELF ON  
18 THE PREVIOUS ITEM WAS EFFECTIVELY TRYING TO PIN THIS CRISIS IN  
19 OUR PRISONS ON THE STATE LEGISLATURE. BUT AS GLORIA MOLINA IF  
20 SHE WERE NOT ON THE TELEPHONE REMIND HIM, IN FACT THE L.A.  
21 COUNTY HAS A REPUTATION, A SERIOUS REPUTATION FOR ARRESTING  
22 INDIVIDUALS WHO HAVE NOT NECESSARILY COMMITTED THE MOST  
23 VIOLENT OF THOSE CRIMES AND THOSE ARE THE NON-NON-NONS WHO ARE  
24 BEING RELEASED. AND THIS IS A PROBLEM THAT IS NOT JUST AT THE  
25 STATE LEVEL. THIS IS AT THE COUNTY LEVEL. I GUESS WE ALL MISS



**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1 THE IRONY EXCEPT FOR THE COUNTY RESIDENT FROM DISTRICT 3 ABOUT  
2 LAMBASTING THE STATE WHEN IN FACT THE COUNTY IN EQUALLY BAD  
3 SHAPE REGARDING OUR JAILS AND PRISONS. SO IT'S THE OVERALL, IF  
4 YOU WILL, APPROACH TO THIS, WHICH IS SUCK THE INFORMATION OUT  
5 OF THE ROOM, TRY TO BURY THE LAWSUITS WHERE WE CAN, AND IT'LL  
6 ALL GET BETTER AT SOME POINT. WE THE PUBLIC, AND I ONLY SPEAK  
7 ON BEHALF OF A LARGE NUMBER, BUT IT'S JUST A SMALL LARGE  
8 NUMBER, ARE READY FOR MORE ACCOUNTABILITY. AND THIS PROCESS  
9 HERE, WHICH I'LL BE SILENT IN ABOUT FIVE SECONDS, NEEDS TO BE  
10 IMPROVED. WE ALL KNOW THAT. ONE OF YOU SHOULD DO THE BRAVE  
11 THING AND MAKE A MOTION TO IMPROVE THE PUBLIC INPUT SYSTEM  
12 HERE AT LOS ANGELES COUNTY. MAYOR ANTONOVICH, YOU CERTAINLY  
13 COULD DO SO AS THE LEADER. THANK YOU.

14

15 **MIKE ANTONOVICH, MAYOR:** MR. SACHS?

16

17 **ARNOLD SACHS:** YES, THANK YOU. GOOD AFTERNOON. ARNOLD SACHS  
18 AGAIN. THIS PROGRAM, I'M JUST SURPRISED BY SOME OF YOUR  
19 REACTION, MR. MAYOR. I DON'T UNDERSTAND WHY YOU'RE NOT LOOKING  
20 TO THE COUNTY PROGRAM THAT WAS INITIATED BY THE COURT DECREE  
21 THAT CAUSED THE RELIEF OF APPROXIMATELY 250,000 PRISONERS IN  
22 THE COUNTY SYSTEM. WHY HAVEN'T YOU IMPLEMENTED ANY OF THE  
23 PROGRAMS THAT YOU HAVE USED IN OVERSIGHT OF THAT MAYBE TO HELP  
24 DERAIL SOME OF THE PROBLEMS THAT OCCURRED BASED ON THE DECREE  
25 BY THE SUPREME COURT THAT THE STATE FIX ITS OVERCROWDING JAIL



**The Meeting Transcript of  
The Los Angeles County Board of Supervisors**

1 SYSTEM? THE LEGISLATION BEING INVOLVED IS MAYBE IF SOME OF THE  
2 COUNTY BOARD OF SUPERVISORS ROSE UP TO BECOME LEGISLATORS,  
3 THEY COULD BRING THE WISDOM THAT THEY USE IN THE RUNNING OF  
4 THE COUNTY TO THE STATE AND IT WOULD BE ONE BIG HAPPY FAMILY.  
5 I ALSO READ THAT ARTICLE, BY THE WAY, ABOUT PEOPLE WANTING TO  
6 LEAVE THE STATE OF CALIFORNIA. BUT I DIDN'T SEE ANYTHING IN IT  
7 ABOUT THE EARLY RELEASE OF PRISONERS BEING A CAUSE OF THAT.  
8 AND I USE AN EXAMPLE, DID YOU READ THE ARTICLE ABOUT THE MARS  
9 ROVER BEING LAUNCHED? MIKE ANTONOVICH IS STILL THE HONORARY  
10 MAYOR OF THE BOARD OF SUPERVISORS? DO YOU GET THAT CONNECTION?

11

12 **CLERK SACHI HAMAI:** MR. MAYOR, THAT WOULD BE A RECEIVE AND  
13 FILE.

14

15 **MIKE ANTONOVICH, MAYOR:** BILL, WHAT IS THE ABILITY OF THE  
16 COUNTY TO WITHHOLD PAYING THE STATE FOR THE YOUTH IN THE  
17 DEPARTMENT OF JUVENILE JUSTICE FOR THE AMOUNT WE ARE  
18 SHORTCHANGED ON RE-ALIGNMENT? IS THERE A WAY YOU COULD WORK  
19 WITH THE AUDITOR ON EXPLORING THAT OPTION?

20

21 **C.E.O. FUJIOKA:** WE CAN REPORT BACK ON THAT, SIR.

22

23 **MIKE ANTONOVICH, MAYOR:** OKAY. I MEAN, SOMEHOW THE STATE HAD  
24 THE ABILITY TO CONTRACT WITH THE PRIVATE SECTOR, WITH OTHER  
25 STATES TO TAKE CARE OF THEIR OVERCROWDEDNESS. BUT THEY DENIED



**The Meeting Transcript of  
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1 LOCAL GOVERNMENTS, THE COUNTIES, THAT SAME ABILITY TO GET RID  
2 OF OVERCROWDEDNESS. AND SO OUR HANDS WERE TIED BY THE STATE.

3

4 **C.E.O. FUJIOKA:** VERY GOOD POINT.

5

6 **MIKE ANTONOVICH, MAYOR:** WHICH CREATE THIS PROBLEM, AS WELL. SO  
7 ON ITEM TO RECEIVE AND FILE. MOLINA SECONDED, WITHOUT  
8 OBJECTION, SO ORDERED.

9

10 **CLERK SACHI HAMAI:** MR. MAYOR, ON ITEM NUMBER 9, THAT ITEM  
11 ACTUALLY, THE INDIVIDUAL WHO WAS HOLDING IT RELEASED HIS HOLD,  
12 SO WE COULD APPROVE THAT ITEM.

13

14 **MIKE ANTONOVICH, MAYOR:** OKAY. MOTION BY SUPERVISOR KNABE.  
15 SECONDED WITHOUT OBJECTION, SO ORDERED.

16

17 **CLERK SACHI HAMAI:** THANK YOU. ITEM 75? EXCUSE ME. DO S-1 REAL  
18 QUICK AND THEN DR. KATZ? THANK YOU FOR YOUR NOTE, AGAIN, DR.  
19 KATZ. APPRECIATE IT.

20

21 **DR. MITCHELL KATZ:** THANK YOU FOR YOUR HELP. WE WERE VERY  
22 APPRECIATIVE, MR. MAYOR. YOU SAID REASON, SO LET ME JUST HIT  
23 THE HIGHLIGHTS AND RESPOND TO ANY QUESTIONS THAT YOU MAY HAVE.  
24 WE HAVE OUR FISCAL OUTLOOK FOR THIS YEAR, WHICH I'M HAPPY TO  
25 SAY COMPARED TO WHERE WE WERE LAST YEAR, WE'RE SHOWING NO